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SUBJECT: DP CHAIRMAN CHUNG SE-KYUN ON FTA, BEEF

Classified By: Amb. Alexander Vershbow. Reasons 1.4 (b,d).

11. (C) SUMMARY: The Ambassador made a July 23 courtesy call on newly elected Democratic Party (DP) Chairman Chung Se-kyun. During the cordial meeting, conducted entirely in English, the two discussed prospects for ratification of the KORUS FTA. Chung said the DP was prepared to support FTA ratification, but with two conditions: that the ROKG provide adequate adjustment assistance for those affected by the FTA; and that there be some sign of progress with U.S. Congressional ratification, including possibly President Bush sending the agreement to Congress for ratification. The Ambassador noted that while the Administration was working hard to build Congressional support for KORUS, prompt ratification by Korea's National Assembly could help that process, whereas a delay by Korea could lead some KORUS opponents to say "Korea's clearly in no rush either." On beef, Chung said the DP's position was that the bilateral beef agreement should be changed, and that Korea's Animal Disease Law should also be amended to address concerns about U.S. beef. The Ambassador noted we would have to agree to disagree on that: U.S. beef is safe, is tested at a higher rate than required by the OIE, and our bilateral agreement is consistent with international scientific standards. Asked about possible constitutional amendments, Chung noted that with just 81 members in the 299-seat legislature, the DP was in poor position to negotiate on possible amendments, and would wait until it had a stronger voice in the Assembly before pursuing amendments. During the prolonged photo spray to start the cordial meeting, the two discussed the FTA, and Chung noted that the Ambassador had dealt with many headaches during his tenure, including North Korea, beef and alliance issues. The Ambassador noted that the two countries had addressed those through our shared will to strengthen the alliance, and that had applied to our productive relationship with former President Roh just as it applied to our good relationship with current President Lee Myung-bak. END SUMMARY

FTA

12. (C) In a July 23 meeting, Democratic Party Chairman Chung Se-kyun said the DP was prepared to support FTA ratification by Korea's National Assembly. The GNP majority could ratify the FTA on its own, he said, but "the Democratic Party will agree, with terms and conditions -- there will be no obstacles on the Korean side." Those two conditions were that assistance be provided to the affected agriculture

sectors in Korea -- something he noted had already been prepared by the Agriculture Ministry, and "should not be a big problem" -- and some progress with U.S. Congressional ratification, such as President Bush sending the agreement to Congress for ratification. The Ambassador said he was pleased to hear of DP support for the KORUS FTA, since it would be a disappointment if the party that negotiated the FTA wouldn't support it. Chung agreed, and said that provided its conditions were met, "the Opposition party won't just say no."

13. (C) Turning to timing, Chung said that since the KORUS FTA had already been sent to the previous 17th National Assembly and debated extensively, "if both sides are willing to ratify the FTA, we can do it in two weeks." Ideally, the U.S. Congress could keep pace with the Korean legislature so there would be "balance" to the process and no long gap between passage in Korea and in the U.S. Chung lamented that in the relevant U.S. bills and the agreement itself was still with the Bush Administration and had not been submitted to the Congress for review, let alone ratification. The Ambassador said that while the Administration was working hard to build Congressional support for the FTA, if Korea ratified the agreement, it could help those efforts to get the KORUS FTA on the Congressional agenda. If Korea waited, KORUS opponents in the U.S. would say that "clearly, Korea is in no hurry" -- that would be cited as an excuse not to vote on the FTA. Moreover, given the complex pre-negotiation with Congress that occurred before sending an FTA to Congress for a vote, it could be hard to control the dynamic interaction that goes on before officially sending the KORUS FTA to Congress. Clearly it would be in no one's interest for us to do so unless we were confident the votes to approve were there. Chung remarked that he expected lawmakers in the U.S. to be swayed more by their constituents than by the actions of the Korean legislature. Therefore, he and others in Korea had little confidence that ratifying the FTA in Korea would serve as a catalyst for passage in the U.S.

14. (C) Chung said it worried him and many Koreans that Democratic presidential candidate Obama has expressed an anti-FTA stance. The Ambassador replied that Senator Obama was currently one of 100 Senators, and while his vote was important, we were hopeful that if a vote could be scheduled, the KORUS FTA could win the necessary majorities in both the House and Senate. Chung concluded the discussion of FTA ratification by saying Korea would try to work on that legislation in August, and asked, "If Korea acts first on FTA ratification, do you think there will be responsive action by the U.S. Congress?" The Ambassador noted that we hoped so, and that action by Korea would take away excuses from the KORUS skeptics.

BEEF

15. (C) Chung said that the DP was not happy with the beef agreement the two governments had reached. "Our position," Chung explained, "is that there are some major problems in the agreement that need to be improved or changed." Additionally, the DP hoped to amend the Animal Disease Law (in order to limit imports of U.S. beef). The DP's view was that any new laws would take precedence over previous announcements or agreements made by ministers or vice ministers; the beef agreement had not been signed by the president so Chung said his party's view was that the agreement could be overruled by an act of the Assembly. Chung compared this to the KORUS FTA, which he said had been signed by President Roh and so could not be amended (when reminded that former Trade Minister Kim Hyun-chong had actually signed the KORUS FTA for Korea, Chung said that he meant President Roh had signed it ceremonially).

16. (C) The Ambassador said we would have to agree to disagree on beef. We had worked hard over two months to react to the situation and come up with solutions to address people's concerns. We thought some of those concerns were

exaggerated, but they were real, so we took steps to meet them in USTR Schwab's exchange of letters with Trade Minister Kim and in the "additional negotiations." Those represented solemn commitments. Both sides wanted to avoid renegotiation because it would inevitably lead to calls to renegotiate the FTA. In addition, U.S. beef was safe so the current agreement was appropriate. Chung said many in Korea were upset that the Korean beef agreement was different than the U.S. agreements with Japan and Taiwan. The Ambassador replied that the current U.S. beef agreements with those two economies pre-dated the U.S. designation as a "controlled risk" country by the OIE, but added the U.S. was working on new agreements with the two economies that would be modeled on the Korean agreement.

NORTH KOREA

¶17. (C) Chung asked if negotiations with North Korea on denuclearization were proceeding well. The Ambassador said that, though six months behind schedule, progress had been made on disablement of Youngbyon and the DPRK's declaration of its nuclear programs. Now it was necessary to verify the DPRK declaration and work to eliminate its nuclear weapons in phase 3.

CONSTITUTIONAL AMENDMENT

¶18. (C) Replying to the Ambassador's query about the possibility of a Constitutional amendment, Chung said that the DP, with just 81 members, was in a poor position to negotiate on any possible amendment, so the party would aim to wait and amend the Constitution when the DP had a stronger voice. He noted there were many opinions on when and whether the Constitution should be amended; some in his own party were calling for immediate discussion of amendments (such as changing to two four-year Presidential terms or changing to a Parliamentary system). Pro-Park Geun-hye lawmakers were also for starting work to amend the Constitution soon, Chung said, while those loyal to President Lee hoped to delay discussions.

COMMENT

¶10. (C) Chung was Minister of Commerce and Industry (MOCIE -- precursor to the current Ministry of Knowledge Economy) from February to December 2006 under former President Roh, and was an important proponent of the KORUS FTA. As leader of the main opposition party, this should be a boon for us, and it was encouraging to hear that his concerns about timing notwithstanding, he was unequivocally supportive of KORUS FTA ratification. Unfortunately, the opposition is more factionalized than the ruling GNP, and his voice is not necessarily the voice of the party. Opinion polls continue to show majority public support for the FTA in Korea; however, there is also increasing concern among political circles in Seoul that given the steady stream of negative reports on KORUS's prospects in Congress, the National Assembly might do well to await some indication of meaningful progress in the U.S. ratification debate before taking a tough vote to ratify the KORUS FTA here in Korea.

VERSHBOW